



# County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA  
Chief Executive Officer

November 15, 2010

To: Supervisor Gloria Molina, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors  
GLORIA MOLINA  
First District

MARK RIDLEY-THOMAS  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## **FOURTH AND FINAL REPORT ON LOS ANGELES CITY BUSINESS TAX REGISTRATION CERTIFICATES AND LOS ANGELES POLICE ALARM PERMITS**

This is the fourth and final report in response to the motion by Supervisors Antonovich and Molina on September 29, 2009, in which your Board directed the Chief Executive Office (CEO) to convene a joint Los Angeles City/Los Angeles County workgroup to:

- Examine and document the process by which the Los Angeles City (City) license office staff identifies the government agency with controlling jurisdiction for licensing and taxing businesses;
- Establish a formal mechanism for referring business owners to the appropriate jurisdiction; and
- Quantify the number of Los Angeles County (County) businesses impacted by extra licensure.

In order to better serve County business owners and residents, two separate studies were conducted: one which focused on the issuance of Business Tax Registration Certificates (BTRC) and one that focused on the issuance of Los Angeles Police Department (LAPD) Alarm Permits.

*"To Enrich Lives Through Effective And Caring Service"*

**Please Conserve Paper – This Document and Copies are Two-Sided  
Intra-County Correspondence Sent Electronically Only**

## **Business Tax Registration Certificates Study**

The departments that comprise the joint City/County workgroup established a cooperative working relationship to resolve many of the core issues related to the erroneous issuance of BTRCs to unincorporated area businesses. Our Office has provided three previous status reports dated November 6, 2009, December 22, 2009, and February 23, 2010, regarding the progress of the joint City/County workgroup's collaborative actions.

The preliminary findings of our study of the unincorporated area businesses with City BTRCs indicated that a number of these businesses may have a BTRC for legitimate reasons. As discussed in our previous status reports, there are several reasons why a business located outside of the City limits may be required to obtain a BTRC.

As part of our public outreach, this Office and the Treasurer and Tax Collector (TTC) redesigned and revised the informational brochure "Applying for a Los Angeles County Business License" to emphasize the need to verify jurisdiction and differentiate a County Business License from other city licenses. The brochure was updated to include more current contact information and helpful links. In addition, hundreds of copies of the new brochure were printed for distribution at the public counters located at TTC, the City's Office of Finance, and each of the Supervisorial Districts' field offices. TTC's website was also updated to include frequently asked questions, additional resources, and information regarding jurisdiction and the difference between a County Business License and a City BTRC.

Inspectors from TTC's Revenue and Enforcement Section conducted an extensive review of the businesses in the unincorporated areas that have a City BTRC in order to:

- Re-verify the location of the business.
- Determine what type of property on which the business is located.
- Have an inspector verify the location of the property and/or business activity and follow up if a County Business License was needed.
- Determine if the unincorporated area businesses required a County Business License in addition to the BTRC.

Of the 5,707 businesses that the Internal Services Department's Urban Research (UR) Geographic Information Systems (GIS) based software determined were part of the County's jurisdiction, TTC staff was able to confirm that:

- 3,017 of the businesses did **not** need a County Business License because they were home-based businesses.
- 2,493 of the businesses did **not** need a County Business License based on their business activity or because they were no longer in business.
- More than 1,900 of the 5,510 businesses that did **not** need a County Business License (based on their business activity or because they were home-based), appeared to be itinerant in nature. These itinerant businesses **may** need a City BTRC for providing a delivery, pick-up, at-home and/or catering service within the City. The actual number of itinerant businesses may be greater than 1,900 because some types of itinerant businesses are difficult to quantify. This is especially true of home-based businesses.
- 129 already had a County Business License.
- 40 additional businesses were identified as needing a County Business License. To date, 35 are in the process of being issued a County Business License and the remaining 5 were issued Notices of Violation.
- One business address could not be located using Regional Planning's GIS Net and the Assessor's Property Search, because it was either invalid or no longer exists.
- Interestingly, 27 of the addresses were identified as having two parcels associated with the address; one being in the City and one being in the County. The Department of Regional Planning and the Registrar-Recorder/County Clerk have been notified of these addresses.

TTC also verified UR's findings that the locations of the 1,320 "City Address Misallocation" addresses were within the City's jurisdiction and not part of the County's jurisdiction. None of these addresses located within the City were required to have a County Business License.

Whenever TTC staff comes across a business with a BTRC in an unincorporated area that does not appear to travel, they encourage the business owners to contact the City's Office of Finance to verify if a BTRC is needed. Business owners must file the appropriate paperwork with the City Clerk in order to obtain a refund for erroneously issued BTRCs. The County cannot obtain refunds on behalf of these business owners because refunds require detailed information and original signatures.

## **Los Angeles Police Department Alarm Permit Study**

Our Office concurrently conducted a study on the issuance of erroneous LAPD Alarm Permits. The LAPD Alarm Permit study utilized a similar strategy as the BTRC study. A key difference between the two studies, however, is the alarm permit study involved working with the Offices of the City Attorney and LAPD Commission in addition to the Office of Finance, whereas the BTRC study did not include the involvement of the first two aforementioned offices.

We requested that the City provide a list of all LAPD Alarm Permit holders whose addresses contain the zip code of an unincorporated area. Subsequently, we received a list from the City's Office of Finance containing the records of 45,362 business owners and residents who have obtained LAPD Alarm Permits.

In order to accurately verify proper jurisdictional boundaries, UR assessed these business addresses by comparing them against County records using GIS-based software. UR completed the comparison of the records and provided our Office with geo-coded reports which indicated that of the 45,362 records:

- 44,199 of the addresses were within City boundaries.
- 636 of the addresses were within County unincorporated area boundaries.
- 527 addresses were either invalid or belonged to another city other than Los Angeles.

The results of the study affirmed that since the LAPD does not service County unincorporated areas, an LAPD Alarm Permit is not required in these areas. When questioned why alarm permits are issued to residents and businesses in unincorporated areas, staff from the Police Commission explained that their current internal procedures prevent new permits outside of City limits from being issued, however, an older, automated system sends out renewal notices to all existing alarm permit holders. In order to obtain a refund for erroneously issued alarm permits, the current alarm permit holder must sign and submit a Claim for Refund form to the Office of the City Clerk within one year of his/her payment.

A letter was mailed out on October 28, 2010, in order to inform the 636 alarm permit holders in the County unincorporated areas that they may be eligible for a refund for an erroneously issued alarm permit. The letter outlined the Alarm Permit study, resources on how to determine if they are serviced by the Los Angeles County Sheriff's

Each Supervisor  
November 15, 2010  
Page 5

Department, and information on how to obtain a refund from the City. As an extra courtesy, we included a hardcopy of the City's Claim for Refund form (which is also available online) and the contact information to the Office of Finance if they need additional copies.

As of November 10, 2010, eight letters have been returned to our Office as undeliverable by the United States Postal Service.

### **Conclusion and Lessons Learned**

A major reason for erroneous licenses and permits is because the City and the County unincorporated areas share so many borders and zip codes that jurisdictional boundaries can cause confusion. Today, constituents and staff in both the City and the County have access to GIS-based programs that can help verify jurisdiction. Staff members at the City are fully aware that County residents and business owners may have been impacted by extra licensure and permits. However, the residents and businesses must submit a Claim for Refund form in order to receive a refund.

Going forward, we expect that the number of erroneous licenses and permits will decrease as long as we continue to educate our constituents about jurisdiction and the different types of licenses and permits.

WTF:BC:EFS

GS:LG:cg

c: County Counsel  
Executive Office, Board of Supervisors  
Internal Services  
Regional Planning  
Treasurer and Tax Collector